

G.O.P.'s Big Bankrollers of 1972

By HERBERT E. ALEXANDER

At many turns in the unfolding tale of Watergate, the role and propriety of campaign contributions from big business have come under scrutiny.

The extent to which the business community did, in fact, bankroll the Republican effort in 1972 has caused concern to a number of election reformers. Of particular concern are allegations of large contributions from major defense contractors. This is unquestionably a legitimate question, but one that has frequently generated more heat than light.

A study recently completed by the Citizens' Research Foundation, a nonpartisan organization, helps put the 1972 role of large contributors from America's boardrooms into perspective.

The results, an extensive compilation which goes well beyond anything prepared to date by groups such as Common Cause or any of the Federal agencies concerned, do not exactly exonerate big business of the charge of partiality. But neither do the statistics suggest a picture as distorted as that presented by some of the reform groups.

The Citizens' Research Foundation has analyzed political contributions to the 1972 campaign, in amounts of \$500 or more, that were made by officers and directors of the 25 largest contractors for each of these: the Defense Department, the Atomic Energy Commission and the National Aeronautics and Space Agency. For comparison, such contributions from the 25 largest industrial companies on Fortune magazine's 500 list were also studied as a control known.)

The composite list totaled only 72 companies (instead of 100) because of duplications. The General Electric Company, for example, appeared on all four "top 25" lists. Other companies were on two or three. The total number of officers and directors of the 72 companies was 2,160.

The study showed about 30 per cent (642 persons) of these members of the top echelons of American business to be large contributors—\$500 or more. Their total contributions approached \$3.2-million. This represents a far higher proportion of givers than in the electorate at large. National surveys estimate that, in a Presidential year, perhaps 10 per cent of adults make financial contributions.

Support for Republican candidates dominated. Of the total of \$3,193,000 recorded in the study, \$2,746,000—86 per cent—went to G.O.P. candidates or committees. The Democrats got \$398,000, while \$49,000 went elsewhere—to minor parties and political action groups. The study puts new focus on what some critics tend to see as a sort of bloc contribution from the boardroom in return for Government contract favoritism.

(Not included, incidentally, is actual corporation giving—the category of money that was found to have been illegally contributed from corporate funds. Only three of the 72 companies were among those named as having made illegal contribu-

tions. For example, the Gulf Oil Corporation's gift of \$100,000 to the Committee to Re-elect the President was subsequently returned. Other illegal Gulf money went to the campaigns of Representative Wilbur D. Mills (\$15,000) and Senator Henry M. Jackson (\$10,000). Gulf's totals for this study's purposes were \$14,900 to the Republicans and \$10,625 to the Democrats—all from officers and directors of the company and all perfectly legal, so far as is known.)

The Citizens' Research Foundation broke down the contributions from three groups—officers of a company, those who are both officers and directors and those from outside the company who are directors. It is from this last group that the bulk of campaign contribution was made to both parties.

Some 66 per cent of the total amounts contributed in 1972 came from the outside directors. Many of these men (no women) come from the financial or legal world. In most cases, because of position and wealth, they serve on a number of boards. They are far more likely to be tapped in major fund drives.

Forty-three per cent of these outsiders, for example, were contributors, compared with 23 per cent of the insiders, who are more likely to be solely concerned with their company's well-being. However, it is difficult to attribute the motives of the contributing outsiders to any particular company.

A case in point would be John A. McCone, director of the Central Intelligence Agency during the Kennedy and Johnson Administrations. Mr. McCone was included in the study because of his directorships on the boards of the Standard Oil Company of California and the International Telephone and Telegraph Corporation and his gift of \$14,000 to the Nixon campaign. However, Mr. McCone is also on the boards of the Pacific Mutual Life Insurance Company and the United California Bank, companies not included in this study. Therefore his interests are diverse and cannot be confined to any one company.

Interesting variations emerge among the three different groups of Government contractors that were studied. The percentage of large contributors was highest in the group of Pentagon contractors—37 per cent of their officers and directors made large gifts in 1972.

At the A.E.C. and NASA contractors, the comparable figure was lower, about 30 per cent. The level was highest of all among officers and directors of companies on the Fortune 500 list, where the impact of Government contracts could be more diffuse.

Put another way, the level of large contributions, particularly to the Republican party, from individuals tied to defense-contract companies is, from this evidence, below what it is for the top-level business community as a whole.

A point worth emphasizing about the preponderance of Republican contributions from the corporation officials in 1972—\$7 to the G.O.P. for every \$1 to the Democrats—is that these were not exclusively gifts

to a Presidential race (in which the imbalance could be explained by businessmen's skittishness over George McGovern's economic proposals). The gifts also included money for races in the Senate and House, where the Democrats have been in control a long time. That control, and its accompanying power over millions of dollars in Federal contracts, apparently had little impact on the natural Republican proclivity of these businessmen. These totals also included money for state races in 10 states, where control at the state level might have economic implications.

The Democratic money tended to be spread far more thinly than the Republican contributions, partly because of the greater demands from the various Presidential primary candidates.

An example of the kind of financial edge Mr. Nixon had is provided by a look at the giving patterns of the top management of the 25 largest Pentagon contractors. Richard M. Nixon got 86.4 per cent of all Republican large gifts from this source; Senator McGovern got only 3.4 per cent of the far smaller Democratic total. An analysis of large gifts to Presidential contenders shows that money from the officers and directors of the big defense contractors was divided like this:

Nixon	\$1,609,646
McGovern	\$ 7,450
Lindsay	\$ 78,000
Muskie	\$ 12,125
Jackson	\$ 2,827
Humphrey	\$ 2,700
Sanford	\$ 1,000
Mills	\$ 500

The analysis discloses that, in the case of seven companies on the composite list, there were no large political contributions of any kind by their officers or directors. Five of these companies were big A.E.C. contractors, and two were on the NASA list. These companies were the Reynolds Electrical Engineering Corporation, Holmes & Narver, Inc., United Nuclear Corporation, Teledyne Isotopes, Inc., Lucius Pitkin, Inc. (A.E.C. contractors) and Grumman Aerospace Corporation and Federal Electric Corporation (NASA).

At the opposite end of the scale were 15 companies where large gifts were made exclusively to Republican causes. On this list are some familiar names of American business—names such as Boeing, Sperry Rand, Union Carbide, Dow, Goodyear, International Harvester and Eastman Kodak. And, finally, one contractor had officers and directors who contributed only to the Democrats. It is the Rural Co-operative Power Association, from the A.E.C. list.

On April 7, 1972, a new, tougher campaign financing law went into effect, requiring disclosure of the names of contributors. The new law has since loomed large in the tangled web of the financing of the 1972 Presidential race.

Adoption of the disclosure law has made it difficult to plot with precision any increase in large contributions from major Government contractors in 1972 over the 1968 elections. The Citizens' Research Foundation did an identical study in 1968 of large contributors from business. The composite list then totaled 70 companies,